

Message Text

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ACTION ARA-10

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E.O. 11652: N/A

TAGS: EGEN, VE

SUBJ: ZULIA INDUSTRIALIZATION PROJECT

REF: CARACAS A-122 OF JUNE 18, 1975

1. SUMMARY: PRESIDENT OF CORPOZULIA ANNOUNCES DETAILS OF PROJECTED ZULIA INDUSTRIALIZATION PROGRAM-INCLUDING COAL PLANT AND STEEL PLANT-FOLLOWING ENDORSEMENT OF PROGRAM IN DECREAS 1376 AND 1377 OF JANUARY 2, 1976. PROGRAM WILL REQUIRE OVER 7 BILLION DOLLAR INVESTMENT. ZULIA REGION EXPECTED TO PRODUCE 5 MILLION TONS COAL ANNUALLY BY 1984 AND 5 MILLION TONS STEEL BY 1986.
2. AS PART OF JANUARY 1 NATIONALIZATION PROGRAM, DECREES 1376 AND 1377 (PUBLISHED GACETA OFICIAL OF JANUARY 2, 1976) WERE ISSUED AUTHORIZING CORPOZULIA TO COORDINATE AND EXECUTE PROGRAM FOR DEVELOPMENT OF COAL AND STEEL PROJECTS IN ZULIA. NO DETAILS OF EITHER PROJECT WERE GIVEN IN DECREES.
3. IN INTERVIEW IN EL UNIVERSAL, JANUARY 8, 1976, DR. FERNANDO CHUMACEIRO, PRESIDENT OF CORPOZULIA, STATED THAT THE PROGRAMS WOULD REQUIRE AN INVESTMENT OF 29.6 BILLION BOLIVARS OVER 10-YEAR PERIOD.
4. DR. CHUMACEIRO PREDICTED THAT COMPLETED COAL PORJECT

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WILL PRODUCE 5 MILLION TONS OF COAL ANNUALLY: 1.2 MILLION

TO BE USED IN 600 MV THERMOELECTRIC PLANT TO SUPPLY ELECTRICITY TO ZULIA STEEL PLANT, AS WELL AS TO MARACAIBO AND EASTERN VENEZUELA. REMAINING 3.8 MILLION TONS WILL BE USED IN STEEL MAKING PROCESS AS COKE. HE GAVE TIMETABLE AS FOLLOWS:

1. STIP MINING METHOD

(A) ONE-HALF MILLION TONS OF COAL IN 1979

(B) 2.5 MILLION TONS BY 1981 AND IN SUBSEQUENT YEARS

2. BY UNDERGROUND MINING

(A) 150,000 TONS IN 1980

(B) 2.5 MILLION TONS BY 1984

5. HE STATED COAL PROGRAM WOULD REQUIRE INVESTMENT OF 2,777,000,000 BOLIVARS, NOT INCLUDING THERMOELECTRIC PLANT, AND DIRECTLY EMPLOY 5,600 PEOPLE.

6. HE PREDICTED THAT THE ZULIA STEEL PLANT WOULD BEGIN PRODUCTION IN 1982, WITH INSTALLED CAPACITY OF 1,500,000 TONS OF PRODUCT. BY 1986 PRODUCTION SHOULD REACH 5 MILLION TONS. PLANT WILL EMPLOY 16,000 PERSONS.

COMMENT: ZULIA DEVELOPMENT PROGRAM IS NOW IN TAKEOFF STAGE. POST EXPECTS FORMAL GOV-APPROVED PROGRAM, AS WAS ISSUED FOR SIDOR EXPANSION, TO BE ISSUED FOLLOWING STUDY OF PROGRAM BY TEAM OF TECHNICIANS FROM SIDOR. SOURCE NOW AT SIDOR EXPECTS TO BEGIN WORKING ON ZULIA PROJECT IN FEBRUARY. 7 BILLION DOLLAR PLUS INVESTMENT FIGURE GIVEN BY DR. CHUMACEIRO FOR TOTAL PROJECT ROUGHLY DOUBLES 3.5 BILLION DOLLAR FIGURE GIVEN EARLIER FOR STEEL PLANT ALONE (REFAIR). NO FUNDING HAS YET BEEN AUTHORIZED BY CONGRESS FOR THIS PROJECT. SHLAUDEMAM

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